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CA Marine Life Protection Act Initiative
Long Term Financing of Marine Protected Areas

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Sirs:

Thank you for the opportunity to present some ideas that may helpful with the long term funding of MPAs.

I am a Laguna Beach High School graduate “65” and am familiar, on a very personal level, with the challenges facing Southern California beach communities vis a vis the near shore marine environment.

Over the years, until very recently, valuable near shore marine resources have suffered from a burgeoning human population and lack of attention, resolve, and commitment by government on all levels. Convolved and overlapping jurisdictions exacerbated the problem. The Marine Life Protection Act presents a huge opportunity to begin to remedy the situation and thank you all for your diligent efforts.

The near shore marine environment must no longer be taken for granted, treated as a nuisance, or used as a free dumping ground. As a result of the pollution of Huntington Beach ocean waters several years ago, the health of our beaches, surf breaks, intertidal zones, and fisheries was demonstrated to be directly correlated with the business health of our ocean side communities. The economic externalities of present business as usual utilization of near shore ocean and scenic resources should be identified. You mention in you letter, “no user fees” but in the end we all pay user fees to salvage a dying resource.

My ideas for long term funding expect very little from Government coffers but instead seek to identify areas where private enterprise and government might work together with government acting on supervisory or oversight capacities. I also believe that local marine resources should be under local jurisdiction and control.

What if quantitative economic models could be developed that describe the correlation between incrementally increasing profits (example: hotel occupancy rates) and location in close proximity to a “free” marine resources held in the public trust. One of the first places to look for funding MPAs are those businesses and individuals that benefit most

from a viable marine environment – the hotel, and consumer tourist industry in all its facets. The Montage Resort and Spa in South Laguna is a good example of having been required to spend money for research, cleanup, special water treatment, and maintenance of the beach and reef at Treasure Island. This is working well but you can be sure the developers of the Montage didn't volunteer to foot the bill.

Some kind of surcharge should accrue to a SEPARATE STATE MLPA ACCOUNT as levy on all beach goer business and hotels. No grandfathering. This levy might be a percentage of the bed tax and sales taxes. Funds would be kept local if spent locally. Audits would be performed and local funds not spent locally would be appropriated into the State MLPA separate fund. I believe it is important to keep the program as local as possible but with State Agency supervision or independent oversight.

A hotel in Laguna built by a U.S. Park Ranger has long since paid for itself many times over and is returning excess profits to the owners just because of its ideal location next to a free recreational environmental resource. Part of that excess profit could go toward maintenance of the very resources that make the hotel so profitable in the first place. "Out of the Box" measurement of such excessive short-term gains with a profit sharing program to fund MPAs viability will ensure future long-term, multi-generational profits to the enterprise and ensure environmental maintenance at the same time. This could be a cool PhD topic in environmental economics.

"Free", (not no cost) use of the near shore marine environment has secondary cost ramifications and complications. People (909ers) are willing to spend the money to fuel their SUVs to get to a place they can be for free. If there were user charges they may not come... better for the NSME (near shore marine environment) and better for traffic and our community at least from the local residents perspective.

A slight digression: It may be helpful to focus attention of the public when referring to the "Ocean" in less grandiose or planetary terms. I like the "near shore marine environment" (NSME): ¼ mile from shore and 200 feet deep which ever comes first. Get the public focused on the small part of the incomprehensively large ocean and it is intellectually manageable. The term "Ocean" like "atmosphere" is not intellectually manageable... at least for those of us that know a little about it.

Polluters, Fees, and Fines are a great source of revenue. However this may mean the redirecting of revenues to MPAs from historically competing coffers. Orange County, which is presently an almost superfluous additional layer of government, may not want fines removed from its general fund and authority transferred locally or to MLPA. A good local Laguna example would be parking revenue sharing. In a way, parking fees are user fees for those who must come to the beach in a vehicle. Local MPAs should share in parking revenues. Try convincing our City Manager that a large portion of his cash cow must be spent to maintain the reason people come to Laguna Beach in the first place. Again, funds raised locally must be spent locally as mandated by some future state executive order or official oversight provision.

Direct user fees, like state parks, should remain an issue of constant dialog. You don't go to an amusement park without paying at the gate and for the rides. Beach goers should pay as low a fee as possible to ensure maintenance, clean restrooms, trash removal, security enforcement, lifeguards, and for expenses directly associated with their presence. In Laguna this money comes from local taxpayers who many times have dubious access to local resources because of overcrowding or traffic.

Some restrictions must be placed on public access... especially in SoCal. Sheer numbers of people are loving our marine resources to death. Laguna needs some OFF LIMITS protected areas. All access, to everybody, at all times is a killer paradigm and goes to the very heart of MPLA. It is encouraging to see the Coastal Commission is moving away from that ancient mantra onto a narrower view of access and protection.

Target obvious polluters that presently have no economic responsibility and bear no external economic costs associated with the products they produce. The plastics industry must be held directly accountable for the havoc that their products cause in the near shore marine environment. Barring an outright ban, a Tax should be charged at the wholesale level for all polystyrene and many other plastics materials distributed in seaside communities. This "value added" or in this case "value reduction tax" would be paid to the local MPA fund. If prices of plastic containers plus the value reduction tax rise to include 98% of proper disposal and beach cleanup costs, then the market may dictate substitution of less harmful (non taxed) products to the benefit of all. Annual payments from the plastics industry to fund the state MLPA may be assessed as a fee for the 'right to do business', concession, or some kind of gross wholesale sales tax. This would include Tire and Rubber manufacturers, cigarette and chemical manufacturers, etc., etc., etc. It kind of comes down to a general education of the population away from the 'throw away, drive everywhere', culture. If CALTRANS can build a tunnel under Saddleback Mountain to tie Riverside to the coast, then it should, as PART of the bonding process, ensure long-term payments to impacted MPAs. Transportation agencies need to consider the impact of moving large numbers of people into a fragile natural environment or just plain making it possible to ruin wonderful places with the impact of overuse. Such impacts need to be qualified and paid by users as they go as tolls taken miles from the beach or as specific parking fees.

Providers of fresh water should include the cost of treating used water to their customers. The more you use, the more you pay. Seems fair to me. I do not understand how the fresh water business and water (sewage) treatment became two separate industries with only the user public in between. Seems very inefficient. Imagine how much cleaner the environment would be if we spent a good fraction of capital used to build the input, fresh water supply side on the output, treatment side.

Approach business to create an "adopt a beach" program for coves, reefs, or MPAs. True to the capitalist ideal, business should be allowed to advertise, promote, or use their participation in the 'adopt a beach' program to their greatest benefit and profit. Contributions should not be incidental. If QualCom or 3Com pay millions to get their names on ball parks, howse about Quicksilver Beach for a certain period of time as long

as it is very expensive. Let's find a way to have coastal business make even more money because of their locations, provided some of those new profits are turned back to maintain the very reason they exist in the first place. Promote Eco-tourism. Create underwater parks and give dive shops a direct stake.

Generate "participation interests" in specific MPAs that can be sold like leases. Various degrees of access (scientifically measured, apriori) might be controlled in such a way with holders of "participation interest" granted certain rights over specified times with monthly participation payments going to protect the MPA. Such a plan would serve to control access and raise long-term money at the same time.

Tie development rights for upstream development with the required purchase of maintenance units for the local MPA. Such covenants run with the land and are paid by real estate owners similar to mello roos or special assessments. Develop the concept of "maintenance units" where all annual costs of a MPA can be quantified and translated into tradable units of value. MPA credits can be traded between developers but the inflation-adjusted cash flow will always remain. This could also be the basic assessment unit for existing developed property and businesses in identified watershed districts upstream draining to specific ocean outfalls.

I can go on but almost four pages in enough. The Ocean Laguna Foundation looks forward to creating a dialog with the Task Force, as it becomes time for the MLPA to be implemented in Southern California. Ocean Laguna has already undertaken a project to create a 'naturalists' inventory of the near shore marine environment in Laguna Beach and is working cooperatively with the Laguna Beach Chamber of Commerce to fund a comprehensive anti litter and education campaign. Please visit our website: oceanlaguna.org.

Thank you for the opportunity to 'sound off' and I can't wait to you all to come to town.

Sincerely,

Walker Reed
Vice Chairman
Ocean Laguna Foundation